



**TO THE UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON WAYS AND MEANS TRADE SUBCOMMITTEE
HEARING ON:**

**“Countering China’s Trade and Investment Agenda: Opportunities for
American Leadership”**

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Presented By:

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Good afternoon. Chairman Smith, Ranking Member Blumenauer, members of the subcommittee thank you for the opportunity to testify today. My name is Mark McHargue. I am a conventional and organic row-crop farmer and hog producer from Merrick County, Nebraska. I currently serve as the President of the Nebraska Farm Bureau Federation (NEFB). I also serve on the Board of Directors of the American Farm Bureau Federation (AFBF) including as member of the American Farm Bureau Trade Advisory Committee.

The Nebraska Farm Bureau Federation is pleased to offer these comments on the current state of the agricultural trade relationship between the United States and China. China remains a vital market for Nebraska goods as a consistent top three market for Nebraska products, year in and year out. At the same time, American and Nebraska farmers and ranchers are also aware and are also concerned about the current geopolitical and national security concerns that exist between our nations.

Prior to 2018, Nebraska agricultural exports to China ranged from \$936 million to \$1.045 billion and generally equated to 15 percent of Nebraska's total agricultural exports. According to analysis conducted by the Nebraska Farm Bureau utilizing data from the United States Department of Agriculture, the value of exports to China over this time (prior to 2018) equaled roughly \$19,300 per farm in Nebraska. Following substantial declines in 2018 and 2019, farmers and ranchers saw substantial growth return due to the U.S.-China Phase 1 Trade Agreement. In 2020, China imported approximately \$28.7 billion worth of U.S. agriculture and food products and \$35.6 billion in 2021. In 2022, a new record of \$40.8 billion worth of U.S. agricultural and food products was exported into China, equating to \$55,790 per farm and ranch in Nebraska. I should also point out that despite this significant growth, U.S. market share in the Chinese market remained relatively stagnant in 2022 at 18.8% as compared to 18.5% in 2021 and has declined from the average of 22 percent from 2013-2017. Meanwhile, China's ag exports from all destinations topped \$216.9 billion in 2022, an increase of 5.5%, or \$11.4 billion, from 2021. It is worth pointing out that Brazil's market share increased to 24.2% in 2022, up from 22.1% in 2021.

It is also important to note that Nebraska is "The Beef State" as the cattle sector remains the largest portion of Nebraska's number one industry, agriculture. Nebraska is among the top beef exporting states to China in the U.S. Obviously, the current struggles we've had have caused considerable concern to Nebraska cattle producers as we try to be the premier exporter to fulfill China's growing demand for high quality beef. Ensuring the Biden Administration lessen lingering trade barriers that China imposes on beef imports would be helpful in both an indirect way, and possibly a direct way, to improve U.S. and China trade relations that could open the door for improved relations on our geopolitical concerns.

I run through all of that data to highlight just how complex our relationship is with this significant competitor and customer. Farmers and ranchers have the same geopolitical, national security, copyright and trade law concerns that most of you and many industries have. At the same time, given China's role as a significant consumer of raw U.S. commodities, not just high value processed food products, but of raw commodities, they are also able to move grain and livestock markets on any day by simply making an order or in the case of 2018 and 2019, not purchasing U.S product. At this time, China needs our agricultural products, and we need them

as a customer. However, China continues to make significant investments in other countries such as Brazil in an effort to move away from their dependence on U.S. agricultural and food products.

Given everything happening in the world today, the United States should be actively working each and every day to diversify our list trading partners. While farmers and ranchers could talk all day about the problems we have with taxes or new regulations, (and trust me we have plenty to complain about there), the biggest disappointment we have with the Biden Administration has been their nonexistent efforts to find new trading partners and pursue negotiations on any new free trade agreements.

If I had the opportunity to sit down with President Biden today, I'd tell him two things as it relates to trade and more specifically trade with China:

1. Sitting back and allowing the rest of the world to finalize new real free trade agreements that increase market access and lower tariffs isn't leading, and it sure doesn't send the right messages to our competitors or allies. Rejoining the CPTPP and reengaging with the UK as well as Kenya on actual free trade agreements would be good places to start.
2. Whether we like it or not, China is an important customer. Again, we need them and they need us. At the same time, holding China accountable to their WTO trade obligations, fixing market access issues that remain on several sanitary and phytosanitary issues on agricultural products such as the use of ractopamine in pork, and protecting against issues like intellectual property theft are all key. We must do what we can to ensure our own national security, we must ensure China is playing by the rules, but we also must ensure we aren't continuing to lose access to a vital market.

In closing, I want to again thank you for the opportunity to testify today. Trade is not and should not be a political issue. It's a foundational issue that serves as the basis for our modern global economy. It's an issue that has helped lift millions out of poverty. And it's an issue that has help U.S. farmers and ranchers feed billions of families around the globe. At this time of continued economic and geopolitical uncertainty, the United States must tell the rest of the world that we are open for business. Thank you again for your time today.